

**REPORT ON THE JANUARY 1, 2006
ACTUARIAL VALUATION OF THE
LEXINGTON CONTRIBUTORY
RETIREMENT SYSTEM**

October 2006

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SECTION I - OVERVIEW

The Lexington Retirement Board has engaged Buck Consultants, LLC, to prepare an actuarial valuation of the Retirement System as of January 1, 2006. Employee data and asset information as of this date were provided by the Retirement Board. The valuation was prepared pursuant to Chapter 32 of the General Laws of Massachusetts, based upon the acceptance of Section 22D. The purposes of the valuation are to:

1. analyze the current funded position of the System and determine the level of contributions necessary to assure sound funding;
2. update the Section 22D funding schedule currently in place for the Retirement System;
and
3. provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The prior valuation report was prepared as of January 1, 2004. This January 1, 2006 valuation report differs from the prior January 1, 2004 report, only in that the department codes were updated and corrected, resulting in a larger than normal shift of people among departments from the prior valuation, as seen in Schedule F, Cost Allocation by Department. The actuarial assumptions and methods used in this valuation are unchanged from those used in the prior valuation.

SECTION I - OVERVIEW

(continued)

Section II provides a summary of the principal valuation results. Section V provides a projection of the Section 22D funding amounts.

Respectfully Submitted,

BUCK CONSULTANTS, LLC

David L. Driscoll, FSA, FCA, MAAA, EA
Principal and Consulting Actuary

Date

SECTION II - SUMMARY OF PRINCIPAL RESULTS

The table below compares the principal results from the current and most recent prior valuations.

Valuation Date	January 1, 2004	January 1, 2006
a) Active members:		
Number	573	581
Annual compensation	\$ 20,464,021	\$ 22,149,964
Average age	45.8	46.1
Average service	10.1	10.5
Average compensation	\$ 35,714	\$ 38,124
b) Pensioners and beneficiaries paid by the Town ¹ :		
Number	389	390
Annual benefit payments	\$ 5,671,280	\$ 6,303,148
Average benefit	\$ 14,579	\$ 16,162
c) Pensioners and beneficiaries paid by other municipalities ² :		
Number	59	65
Annual benefit payments	\$ 246,121	\$ 298,838
Average benefit	\$ 4,172	\$ 4,598
d) Inactive employees		
Number	188	228
Accumulated employee contributions	\$ 946,678	\$ 1,311,143
e) Actuarial accrued liability	\$ 98,030,973	\$ 111,723,974
f) Market value of assets	\$ 83,049,848	\$ 98,759,260
g) Unfunded actuarial accrued liability (e. – f.)	\$ 14,981,125	\$ 12,964,714
h) Funded percentage (f. / e.)	84.7%	88.4%
i) Section 22D funding for fiscal 2007	\$ 3,342,332	\$ 3,342,332
j) Section 22D funding for fiscal 2008	\$ 3,403,353	\$ 3,449,284

¹ Amount includes portion of benefit attributable to Lexington service only.

² Represents former Lexington employees receiving pensions from other municipalities, which are paid for by Lexington.

SECTION III - MEMBERSHIP DATA

In order to calculate the aggregate liabilities and assets on account of members of the System as of January 1, 2006, data were needed for each active and retired member and beneficiary of the System. This data was provided by the Retirement Board.

The tables in Schedule D show, as of January 1, 2006, the number and annual compensation of members by age and years of service and the number and annual retirement allowances of retired members and beneficiaries as of January 1, 2006, by age.

SECTION IV - ASSETS

The amount of assets taken into account in this valuation is based on financial information reported by the Retirement Board. As of January 1, 2006, the reported market value of Retirement System assets amounted to \$98,759,260. The market value will be used as the actuarial value of assets for valuation funding purposes.

SECTION V - CONTRIBUTIONS PAYABLE UNDER THE SYSTEM

Section 22D of Chapter 32 of the General Laws of Massachusetts outlines various requirements of a funding schedule that will amortize the unfunded actuarial liability and cover normal costs. The normal cost and unfunded actuarial liability are to be calculated in accordance with the individual entry-age normal actuarial cost method. Amortization of the unfunded actuarial liability is to be based on a schedule that ends no later than fiscal year 2028. The contributions toward amortization of the unfunded actuarial liability may increase by up to 4½% each year.

The following table presents a projection of contributions that meet the Section 22D requirements. The contributions were computed assuming that each fiscal year's contribution is paid quarterly starting July 1. Amounts for fiscal years ending in 2008 or later were determined by bringing amounts developed January 1, 2006, forward with interest. The normal cost is assumed to increase 5% annually. The unfunded actuarial liability is assumed to be amortized by level dollar amounts ending in the 2015 fiscal year. This schedule incorporates the funding required to provide annual COLAs under Chapter 17 of the Acts of 1997.

Please note that the amounts shown below for the 2007 fiscal year represent the actual amounts appropriated by the Town for the 2007 fiscal year and were taken from PERAC's November 2005 appropriation letter.

PENSION REFORM ACT - SECTION 22D
FUNDING REQUIREMENTS

Fiscal Year Ending In	Normal Cost	Amortization of the Unfunded Actuarial Liability			Total City Contribution
		2003 ERI	FY04 Deferral ³	Other UAL	
2007	1,220,447	236,056	233,533	1,652,296	3,342,332
2008	1,405,873	236,056	233,533	1,573,822	3,449,284
2009	1,476,167	236,056	233,533	1,573,822	3,519,578
2010	1,549,975	236,056	233,533	1,573,822	3,593,386
2011	1,627,474	236,056	233,533	1,573,822	3,670,885
2012	1,708,848	236,056	233,533	1,573,822	3,752,259
2013	1,794,290	236,056	233,533	1,573,822	3,837,701
2014	1,884,005	236,056	233,533	1,573,822	3,927,416
2015	1,978,205	236,056	233,533	1,573,822	4,021,616
2016	2,077,115	0	0	0	2,077,115
2017	2,180,971	0	0	0	2,180,971
2018	2,290,020	0	0	0	2,290,020
2019	2,404,521	0	0	0	2,404,521
2020	2,524,747	0	0	0	2,524,747
2021	2,650,984	0	0	0	2,650,984
2022	2,783,533	0	0	0	2,783,533
2023	2,922,710	0	0	0	2,922,710

³ The Town of Lexington elected to defer \$1,410,000 of the 2004 fiscal year contribution. The deferred liability that resulted from this pension "holiday" is amortized in level payments from fiscal year 2006 through fiscal year 2015.

SECTION VI - ACCOUNTING INFORMATION

Information required under Statement No. 25 of the Governmental Accounting Standard Board (GASB) is shown below:

	Normal Cost as of January 1, 2006	Percentage of Payroll
Normal cost for the employees	\$ 1,776,130	8.02%
Normal cost for the Town	1,252,021	5.65%

Actuarial Accrued Liability as of January 1, 2006

Total actuarial liability	
Present active members	\$ 51,210,453
Present retired members and beneficiaries	<u>60,513,521</u>
Total	\$ 111,723,974
Actuarial Value of Assets	<u>(98,759,260)</u>
Unfunded actuarial accrued liability	\$ 12,964,714

Schedule of Funding Progress (\$000's)

Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
1/1/2006	\$98,759	\$111,724	\$12,965	88.4%	\$22,150	58.5%
1/1/2004	83,050	98,031	14,981	84.7	\$20,464	73.2
1/1/2002	77,015	86,500	9,485	89.0	20,803	45.6
1/1/1999	71,069	74,362	3,293	95.6	18,631	17.7
1/1/1996	44,348	55,140	10,792	80.4	15,414	70.0

SCHEDULE A - RESULTS OF THE VALUATION

The results below were developed as of July 1, and not January 1, since the Town's fiscal year begins on July 1. These amounts were determined by adjusting the appropriate January 1, 2006 amounts to reflect the passage of six months of time.

Normal Cost as of July 1, 2006

Sum of individual normal costs	\$ 3,146,947
Anticipated employee contributions	<u>(1,845,808)</u>
Total Town normal cost	\$ 1,301,139

Actuarial Accrued Liability as of July 1, 2006

Total actuarial liability	
Present active members	\$ 53,219,464
Present inactive members	1,362,580
Present retired members and beneficiaries	<u>61,524,916</u>
Total	\$ 116,106,960
Actuarial value of assets (January 1 value plus six months' interest at 8%)	<u>(102,633,634)</u>
Unfunded actuarial accrued liability	\$ 13,473,326

SCHEDULE B - ACTUARIAL ASSUMPTIONS AND METHODS

GENERAL EMPLOYEES

VALUATION INTEREST RATE: 8% per annum, compounded annually, net of administrative expenses.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of disability, death, service retirement, salary scale and withdrawal are as follows:

Annual Rates of

Age	Disability	Death		Service Retirement		Years of Service	Salary Scale	Years of Service	Rates of Withdrawal
		Male	Female	Male	Female				
25	.02%	.04%	.02%			0	7.00%	0	15.0%
30	.03	.04	.03			1	6.50	1	12.0
35	.06	.08	.05			2	6.50	2	10.0
40	.10	.11	.07			3	6.00	3	9.0
45	.15	.15	.11			4	6.00	4	8.0
50	.19	.21	.17	1.0%	1.5%	5	5.50	5	7.6
55	.24	.30	.25	2.0	5.5	6	5.50	10	5.4
60	.28	.49	.39	12.0	5.0	7	5.00	15	3.3
62	.30	.59	.47	30.0	15.0	8	5.00	20	2.0
65	.30	.76	.58	40.0	15.0	9+	4.75	25	1.0
69		.95	.73	30.0	20.0			30+	0.0

COST-OF-LIVING ADJUSTMENTS: Retirement benefits were assumed to increase annually by 3%, up to a maximum of \$360.

DEATHS AFTER RETIREMENT: The RP-2000 Healthy Annuitant Table. For the period after disability retirement, the RP-2000 Healthy Annuitant Table set forward 2 years is used.

LOADING OR CONTINGENCY RESERVE: None.

ACTUARIAL COST METHOD: Individual entry-age normal cost method.

POLICE AND FIRE

VALUATION INTEREST RATE: 8% per annum, compounded annually, net of administrative expenses.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of disability, death, service retirement, salary scale and withdrawal are as follows:

Annual Rates of

Age	Disability	Death		Service Retirements	Years of Service	Salary Scale	Years of Service	Rates of Withdrawal
		Male	Female					
25	0.20%	.04%	.02%		0	8.00%	0	1.5%
30	0.30	.04	.03		1	7.50	1	1.5
35	0.30	.08	.05		2	7.00	2	1.5
40	0.30	.11	.07		3	6.50	3	1.5
45	1.00	.15	.11	1.0%	4	6.00	4	1.5
50	1.25	.21	.17	2.0	5	6.00	5	1.5
55	1.20	.30	.25	15.0	6	5.50	6	1.5
60	0.85	.49	.39	20.0	7	5.50	7	1.5
62	0.75	.59	.47	25.0	8+	5.25	8	1.5
65	0.00	.76	.58	100.0			9	1.5
69		.95	.73				10	1.5
							11+	0.0

COST-OF-LIVING ADJUSTMENTS: Retirement benefits were assumed to increase annually by 3%, up to a maximum of \$360.

DEATHS AFTER RETIREMENT: The RP-2000 Healthy Annuitant Table. For the period after disability retirement, the RP-2000 Healthy Annuitant Table set forward 2 years is used.

LOADING OR CONTINGENCY RESERVE: None.

ACTUARIAL COST METHOD: Individual entry-age normal cost method.

SCHEDULE C - SUMMARY OF SYSTEM PROVISIONS

MEMBERSHIP

The Retirement System covers all employees of the Town of Lexington except teachers and elected officials and those employees in service at the time of its establishment who elected not to become members. Eligible employees in the Town who enter service on or after the date the System became operative for their classification may become members of the Retirement System on their own application.

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

A summary of the main benefit and contribution provisions of the Retirement System, as interpreted for the valuation, is presented below.

The terms “Group 1” and “Group 4” are used to denote “general employees” and “police and fire”, respectively.

BENEFITS

Final Average Salary (FAS)	The average of a member’s 3 highest consecutive years’ compensation.
Superannuation Retirement	
Eligibility	Age 65 for Group 1; Age 55 for Group 4. Maximum retirement age is 70 for Group 1 and 65 for Group 4.
Allowance	2.5% per year of service times FAS. Maximum total allowance is 80% of FAS. Veterans receive additional \$15 annually per year of service to a maximum of \$300 annually.

Early Retirement

Eligibility	20 years of service.
Allowance	<p>Calculated as a superannuation retirement allowance (including veteran's benefits) except accrual rate is equal to 2.5% reduced by .1% for each year age at retirement is below either 65 for Group 1 or 55 for Group 4.</p> <p>The minimum allowance after 30 years of service is equal to:</p> <ol style="list-style-type: none">(1) An annuity which is the actuarial equivalent of member's accumulated deductions; and(2) A pension equal to 1/3 of FAS and any veteran's benefits as described under superannuation retirement.

Vested Retirement

Eligibility	10 years of service. For certain involuntary terminations, this is reduced to 6 years.
Allowance	A superannuation retirement allowance commencing at age 55 for Group 1 members and age 45 for Group 4 members or later, where the accrual rate is determined by the age of the member at the time the allowance commences.

Ordinary Disability

Eligibility	10 years of service
Allowance	<p>An immediate allowance equal to the age 55 rate for Group 1 members or age 45 rate for Group 4 members per year of service times FAS.</p> <p>Veterans receive an allowance equal to:</p> <ol style="list-style-type: none">(1) An annuity which is the actuarial equivalent of their accumulated deductions; and(2) A pension which is the greater of 50% of current salary and the service retirement allowance to which they are eligible, if any.

Accidental Disability

Eligibility

None.

Allowance

An immediate allowance equal to:

- (1) An annuity which is the actuarial equivalent of the member's accumulated deductions; and
- (2) A pension equal to 72% of current salary; and
- (3) A supplement equal to \$543.12 per year per child under 18.

The maximum total allowance is 100% of current salary.

Accidental Death Benefit

Eligibility

None.

Allowance

An immediate allowance equal to:

- (1) A lump sum payment equal to the accumulated deductions at death; and
- (2) A pension equal to 72% of current salary and payable to the surviving spouse, dependent children, or the dependent parents; and
- (3) A supplement of \$312 per year per child payable to the spouse or legal guardian until all children reach age 21, unless handicapped.

The maximum total allowance is 100% of current salary.

Death in Active Service

Eligibility	None.
Allowance	<p>An immediate allowance that would have been payable had the member retired and elected the 2/3 joint and survivor option on the day before his death. For death occurring prior to the minimum superannuation retirement age, the age 55 and age 45 accrual rates are used, respectively, for Group 1 and Group 4 members.</p> <p>For members with at least 2 years of service at death, the surviving spouse receives an additional allowance equal to the sum of \$1,440 per year for the first child and \$1,080 per year for each additional child.</p> <p>The minimum allowance is \$250 per month. The maximum total allowance is 100% of salary at the date of death.</p>
Normal Form of Benefit	Reduced modified cash refund annuity.
Optional Forms of Benefit	<ul style="list-style-type: none">(1) Life annuity.(2) Modified cash refund annuity.(3) 66-2/3% joint and survivor allowance.
Return of Contribution	If no other benefit is payable upon termination, the member's accumulated deductions are returned.
Post-Retirement Adjustments	Up to 3% of the annual retirement allowance up to a maximum of \$360 annually.
Member Contributions	Members contribute a percentage of annual regular compensation in accordance with their respective dates of hire, as shown below:

<u>Date of Hire</u>	<u>Rate of Contribution</u>
Prior to January 1, 1975	5%
On or after January 1, 1975	7%
On or after January 1, 1984	8%
On or after July 1, 1996	9%

Members hired on or after January 1, 1979 contribute an additional 2% of compensation in excess of \$30,000.

SCHEDULE D - MEMBERSHIP TABLES

TABLE 1
THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS – GROUPS 1 AND 2
DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

	<i>0-4</i>		<i>5-9</i>		<i>10-14</i>		<i>15-19</i>		<i>20-24</i>		<i>25-29</i>		<i>30-34</i>		<i>35-39</i>		<i>40 and over</i>		<i>TOTAL</i>	
	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>
<i>Under 20</i>	40,345	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40,345	1
<i>20-24</i>	650,377	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	650,377	35
<i>25-29</i>	714,008	30	150,934	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	864,942	35
<i>30-34</i>	521,275	17	310,519	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	831,794	24
<i>35-39</i>	666,840	19	285,647	8	139,626	4	123,365	3	85,722	2	0	0	0	0	0	0	0	0	1,301,200	36
<i>40-44</i>	751,681	29	419,451	10	135,951	4	341,767	8	237,926	5	0	0	0	0	0	0	0	0	1,886,776	56
<i>45-49</i>	565,730	24	630,408	18	185,775	5	417,059	10	379,245	8	291,257	7	0	0	0	0	0	0	2,469,474	72
<i>50-54</i>	703,143	25	714,979	24	383,759	11	213,552	5	494,131	7	228,335	4	310,805	6	45,829	1	0	0	3,094,532	83
<i>55-59</i>	644,964	17	601,523	21	734,896	19	381,256	9	279,983	7	277,370	6	78,398	2	289,281	6	43,843	1	3,331,514	88
<i>60-64</i>	31,928	2	89,217	4	256,532	9	304,606	7	126,410	5	175,215	3	48,440	1	0	0	0	0	1,032,347	31
<i>65-69</i>	0	0	71,318	2	130,984	3	112,774	4	136,368	4	0	0	0	0	0	0	44,576	1	496,020	14
<i>70 and over</i>	0	0	11,688	1	19,531	1	35,370	1	16,165	1	31,261	1	33,175	1	0	0	100,173	1	247,363	7
<i>TOTAL</i>	5,290,290	199	3,285,684	100	1,987,054	56	1,929,748	47	1,755,949	39	1,003,439	21	470,818	10	335,109	7	188,591	3	16,246,683	482

Based on annualized compensation.

TABLE 2
THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS – GROUP 4
DISTRIBUTED BY FIFTH AGE AND SERVICE
AS OF JANUARY 1, 2006

	<i>0-4</i>		<i>5-9</i>		<i>10-14</i>		<i>15-19</i>		<i>20-24</i>		<i>25-29</i>		<i>30-34</i>		<i>35-39</i>		<i>40 and over</i>		<i>TOTAL</i>	
	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>	<i>Salary</i>	<i>No.</i>
<i>20-24</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>25-29</i>	475,129	9	104,582	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	579,711	11
<i>30-34</i>	198,994	4	148,938	3	57,798	1	0	0	0	0	0	0	0	0	0	0	0	0	405,730	8
<i>35-39</i>	250,072	5	278,619	5	321,336	5	188,402	3	0	0	0	0	0	0	0	0	0	0	1,038,428	18
<i>40-44</i>	150,657	3	53,268	1	158,512	3	480,423	9	547,051	9	59,538	1	0	0	0	0	0	0	1,449,449	26
<i>45-49</i>	0	0	60,985	1	110,741	2	391,503	6	333,002	5	236,465	3	0	0	0	0	0	0	1,132,697	17
<i>50-54</i>	0	0	0	0	0	0	0	0	180,664	3	555,724	7	138,378	2	82,608	1	0	0	957,375	13
<i>55-59</i>	0	0	0	0	0	0	0	0	72,401	1	0	0	142,507	2	66,629	1	0	0	281,537	4
<i>60-64</i>	0	0	0	0	0	0	0	0	0	0	0	0	51,490	1	6,864	1	0	0	58,354	2
<i>65-69</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>70 and over</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>TOTAL</i>	1,074,851	21	646,392	12	648,386	11	1,060,328	18	1,133,119	18	851,728	11	332,375	5	156,102	3	0	0	5,903,281	99

Based on annualized compensation.

TABLE 3
THE NUMBER AND ANNUAL ALLOWANCES
OF RETIRED MEMBERS AND BENEFICIARIES
AS OF JANUARY 1, 2006

	<i>AGE</i>		<i>NUMBER</i> ⁴		<i>ALLOWANCE</i>	
	25		1		4,643	
	38		1		13,779	
	47		1		42,193	
	49		2		72,013	
	50		4		111,445	
	51		2		65,376	
	53		3		128,501	
	56		4		87,018	
	57		6		179,951	
	58		5		156,479	
	59		3		115,360	
	60		6		116,213	
	61		9		219,945	
	62		15		343,813	
	63		12		156,766	
	64		18		402,601	
	65		14		292,899	
	66		9		251,196	
	67		7		94,858	
	68		9		236,321	
	69		12		259,835	
	70		12		240,142	
	71		7		188,521	
	72		4		95,536	
	73		14		259,748	
	74		10		128,549	
	75		11		252,103	
	76		13		195,676	
	77		13		196,488	
	78		9		112,840	
	79		16		147,846	
	80		13		121,913	
	81		15		151,950	

⁴ This number includes only those retirees and beneficiaries being paid directly by the Town. The annual allowance shown is the portion of the benefit attributable to Lexington service only.

TABLE 3

**THE NUMBER AND ANNUAL ALLOWANCES
OF RETIRED MEMBERS AND BENEFICIARIES
AS OF JANUARY 1, 2006
(continued)**

⁵ This number includes only those retirees and beneficiaries being paid directly by the Town. The annual allowance shown is the portion of the benefit attributable to Lexington service only.

SCHEDULE E - PROJECTION OF EXPECTED PENSION PAYMENTS

YEAR	AMOUNT	YEAR	AMOUNT
2006	\$7,209,943	2031	\$16,500,664
2007	7,419,312	2032	16,509,116
2008	7,651,466	2033	16,451,957
2009	7,887,182	2034	16,334,718
2010	8,227,640	2035	16,161,573
2011	8,559,536	2036	15,901,692
2012	8,896,865	2037	15,639,985
2013	9,319,668	2038	15,317,968
2014	9,750,918	2039	14,976,290
2015	10,195,204	2040	14,585,165
2016	10,726,320	2041	14,191,108
2017	11,284,230	2042	13,786,185
2018	11,818,301	2043	13,305,804
2019	12,366,710	2044	12,792,043
2020	12,908,671	2045	12,230,683
2021	13,436,807	2046	11,653,006
2022	13,889,116	2047	11,065,604
2023	14,332,465	2048	10,471,277
2024	14,749,904	2049	9,860,686
2025	15,163,004	2050	9,253,864
2026	15,512,562	2051	8,652,798
2027	15,822,187	2052	8,079,839
2028	16,020,138	2053	7,493,870
2029	16,243,567	2054	6,915,311
2030	16,366,527	2055	6,352,984

The amounts shown include only those benefits attributable to Lexington service, which are paid directly by the Town.

SCHEDULE F - COST ALLOCATION BY DEPARTMENT

AS OF JANUARY 1, 2006

Item	General	Fire and Police	Housing Authority	Sewer and Water	School Administration	Total
Active members:						
Number	166	99	8	11	297	581
Percent of Total	28.6%	17.0%	1.4%	1.9%	51.1%	100.0%
Annual compensation	7,560,211	5,903,280	330,774	464,967	7,890,732	22,149,964
Percent of Total	34.1%	26.7%	1.5%	2.1%	35.6%	100.0%
Average age	48.3	42.3	46.1	53.0	45.9	46.1
Average service	12.6	15.7	6.9	16.8	7.5	10.5
Average compensation	45,543	59,629	41,347	42,270	26,568	38,124
Accumulated contributions	6,282,301	5,851,214	191,920	518,430	5,069,663	17,913,528
Pensioners and beneficiaries: paid by the Town						
Number	153	87	2	2	146	390
Percent of Total	39.2%	22.3%	0.5%	0.5%	37.5%	100.0%
Annual benefit payments	2,142,353	2,638,355	51,377	45,487	1,425,576	6,303,148
Percent of Total	34.0%	41.9%	0.8%	0.7%	22.6%	100.0%
Average benefit	14,002	30,326	25,689	22,744	9,764	16,162
Pensioners and beneficiaries paid by other municipalities						
Number						65
Annual benefit payments						298,838
Inactive members:						
Number						228
Accumulated contributions						1,311,143
Liabilities and Costs:						
Active members	17,224,413	18,375,085	535,821	1,424,083	13,651,051	51,210,453
Pensioners and beneficiaries	<u>18,472,642</u>	<u>25,363,293</u>	<u>592,842</u>	<u>476,293</u>	<u>11,876,505</u>	<u>56,781,575</u>
Subtotal	35,697,055	43,738,378	1,128,663	1,900,376	25,527,556	107,992,028
Percent of Subtotal	33.1%	40.5%	1.0%	1.8%	23.6%	100.0%
Pensioners and beneficiaries paid by other municipalities						2,420,803
Inactive members						1,311,143
Total						111,723,974
Total Normal Cost	910,296	985,120	48,404	59,043	1,025,288	3,028,151
less Member Contributions	<u>603,213</u>	<u>487,139</u>	<u>27,965</u>	<u>35,398</u>	<u>622,415</u>	<u>1,776,130</u>
Employer Normal Cost	307,083	497,981	20,439	23,645	402,873	1,252,021
Percent of Total	24.5%	39.8%	1.6%	1.9%	32.2%	100.0%